

SALARY AND FRINGE BENEFIT COST ESTIMATES ASSUMPTIONS

For purposes of the biennial budget request process, salary and fringe benefit costs are projected for each agency for the current fiscal year and for the next two fiscal years. The procedures used in calculations reflect actual costs. If actual costs are not known, the assumptions in the budget instructions are used. Questions or problems concerning the program should be referred to Rachelle Wilkins in the Office of the State Budget Director at 564-7300.

The details of the specific assumptions used in calculations are as follows:

ITEM	ASSUMPTION
Vacant Positions	<p>The annual salary for a vacant position is calculated using the entry rate of the pay grade for that job class or the special entrance rate approved by the Personnel Cabinet. The increment cost calculation for a permanent full-time vacant position assumes an increment is awarded after the initial probationary period, then the same annual increments as other permanent full-time positions; same process for part-time vacant. All vacancies will be assumed to be filled July 1, 2005.</p> <p>Retirement, health, and life insurance rates as shown below are assumed for only permanent full-time vacant positions.</p>
Permanent Full-Time and Probationary Full-Time	If the position is salaried, the monthly rate is the positions monthly salary. Monthly rate for hourly positions is based on the whether the position is a 40-hour or 37.5-hour a week position. 40-hour positions – monthly rate times 173.33. 37.5-hour positions – monthly rate times 162.5.
Permanent Part-Time and Probationary Part-Time	Part-time positions are assumed to work 50% of a 40-hour or 37.5-hour week, respectively. If the position is salaried, the monthly rate is the positions monthly salary times 50%. 40-hour positions – monthly rate times 86.67. 37.5-hour positions – monthly rate times 81.25.
Interim	Interim employees are assumed to work 75% of a 40-hour or 37.5-hour week, respectively. If the position is salaried, the monthly rate is the positions monthly salary times 75%. 40-hour positions – monthly rate times 130. 37.5-hour positions – monthly rate times 121.875. No annual cost increases are calculated for interim positions.

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<p>FRINGE AND OTHER PERSONNEL OVERHEAD COST FACTORS</p> <p>Annual Increments</p>	<p>Defined calculation budget requests and additional budget requests, increment costs are calculated at 5% of gross salary. The calculation is based on each employee's increment date (e.g., August 1 results in 10½ months at the higher rate). No increment costs are provided for Interim employees.</p> <p>Constitutional officer's eligible for an inflation indexed salary increment under current statutes, we will use a 3% factor each year for projection purposes. These employees are the seven elected officials in the Executive Branch. [See KRS 64.480 (2) (3) (4)]. Commonwealth Attorneys, County Attorneys, and Property Valuation Administrators fall into this category also. Elected officials will have a January 1 increment date.</p>								
<p>Initial Probationary Increments</p>	<p>Initial probationary increments are calculated at 5%.</p>								
<p>FICA and/or Medicare</p>	<p>FICA is calculated using</p> <ul style="list-style-type: none"> 6.20% with a maximum salary of \$92,700 for FY 2006. 6.20% with a maximum salary of \$96,600 for FY 2007. 6.20% with a maximum salary of \$100,500 for FY 2008. <p>Medicare is calculated using 1.45% of total taxable wages. Employees whose record indicated Medicare only (generally, TRS members hired after April 1, 1986) will have this calculation applied.</p> <p>NOTE: Employee contributions to Retirement are excluded from FICA and Medicare calculations. The employee contribution is calculated using the following current rates:</p> <table data-bbox="806 1089 1089 1219"> <tr> <td>KERS</td><td>5%</td></tr> <tr> <td>Teachers</td><td>9.855%</td></tr> <tr> <td>Hazardous</td><td>8%</td></tr> <tr> <td>State Police</td><td>8%</td></tr> </table>	KERS	5%	Teachers	9.855%	Hazardous	8%	State Police	8%
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Retirement	Retirement is calculated based on current employer contribution rate times any salary plus any increment. Retirement costs are calculated for all permanent, full-time employees. The following table shows the employee-share retirement rates used for filled positions:			
	<u>Retirement Program</u>	<u>FY 05-06</u>	<u>FY 06-07</u>	<u>FY 07-08</u>
	KERS Non-Hazardous	5.89%	18.31%	18.31%
	KERS Hazardous	18.84%	25.04%	25.04%
	KTRS (teachers)	13.105%	13.105%	13.105%
	State Police	21.58%	42.48%	42.48%

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